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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

CD NO.

COUNTRY Guatemala

~~CONFIDENTIAL~~

DATE DISTR. 16 February 1949

SUBJECT Renewal of Arana-Arevalo Crisis
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1. [REDACTED], an internal crisis brought on by the government-labor dispute with the United Fruit Company might culminate before the end of February in a showdown between Col. Francisco Arana, Chief of the Guatemalan Armed Forces, and President Arevalo. Arana recently made a trip to Puerto Barrios in order to survey personally the slow-down strike of the United Fruit Company dock workers, and reportedly returned angry and disgusted with the manner in which the situation was being handled. It was further reported that Arana had broken completely and irreconcilably with Arevalo. Arana believes that labor, backed by the administration, is endeavoring to ruin the fruit company, even if it entails ruining the national economy in the process.
2. A further source of tension arose when leaders of the Union Nacional Electoral (UNE), the political opposition to Arevalo, approached Arana to sound out his possible reactions to a mass demonstration against the Arevalo regime. They told him they were considering staging a rally of several thousand people, including students, in the Parque Central, to demand the resignation of Arevalo. The specific questions put to Arana were these: Would he use the armed forces to break up the rally? Would he protect the mob from Arevalo supporters in case rioting should occur? Would he prefer that they not carry out their plans?
3. Arana's reply was that he would welcome a legitimate excuse to use his constitutional authority to restore order and in doing so create the desired opportunity for forcing Arevalo out of office. The UNE, therefore, could go ahead.
4. Arana continues to receive pressure also from Army officers, including Col. Oliva of the Guardia de Honor, Major Barrera, Lt. Col. Jorge Barrios, and others, to effect a coup d'etat immediately. Arana is reportedly reluctant to take such a step, although the armed guard at his headquarters near the National Palace is being considerably increased.

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Auth: DDA REG 17 MAY 1978 By: [REDACTED]